



(3661 TT)

Alchip Technologies

Investor Conference Meeting

March.6th, 2020

Silicon Heart of  AI

The "AI" logo is a circular emblem with the letters "AI" inside. The circle is composed of several concentric lines, with the outermost line having small gaps, giving it a digital or network-like appearance.

Safe Harbor Disclaimer



This presentation contains forward-looking statements, including statements about business outlook and strategy, and statements about historical results that may suggest trends for our business. These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance. Actual results could differ materially from our current expectations as result of many factors, including: our financial performance, including our net revenue, cost of revenue, operating expenses and ability to sustain profitability; our planned capital expenditures; our ability to expand our customer base; our ability to expand our product and service offerings; the impact of seasonality on our business; our ability to remediate the material weaknesses and significant deficiencies in our internal control over financial reporting; our ability to stay abreast of modified or new laws applying to our business; and our spending of the net proceeds from this offering. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

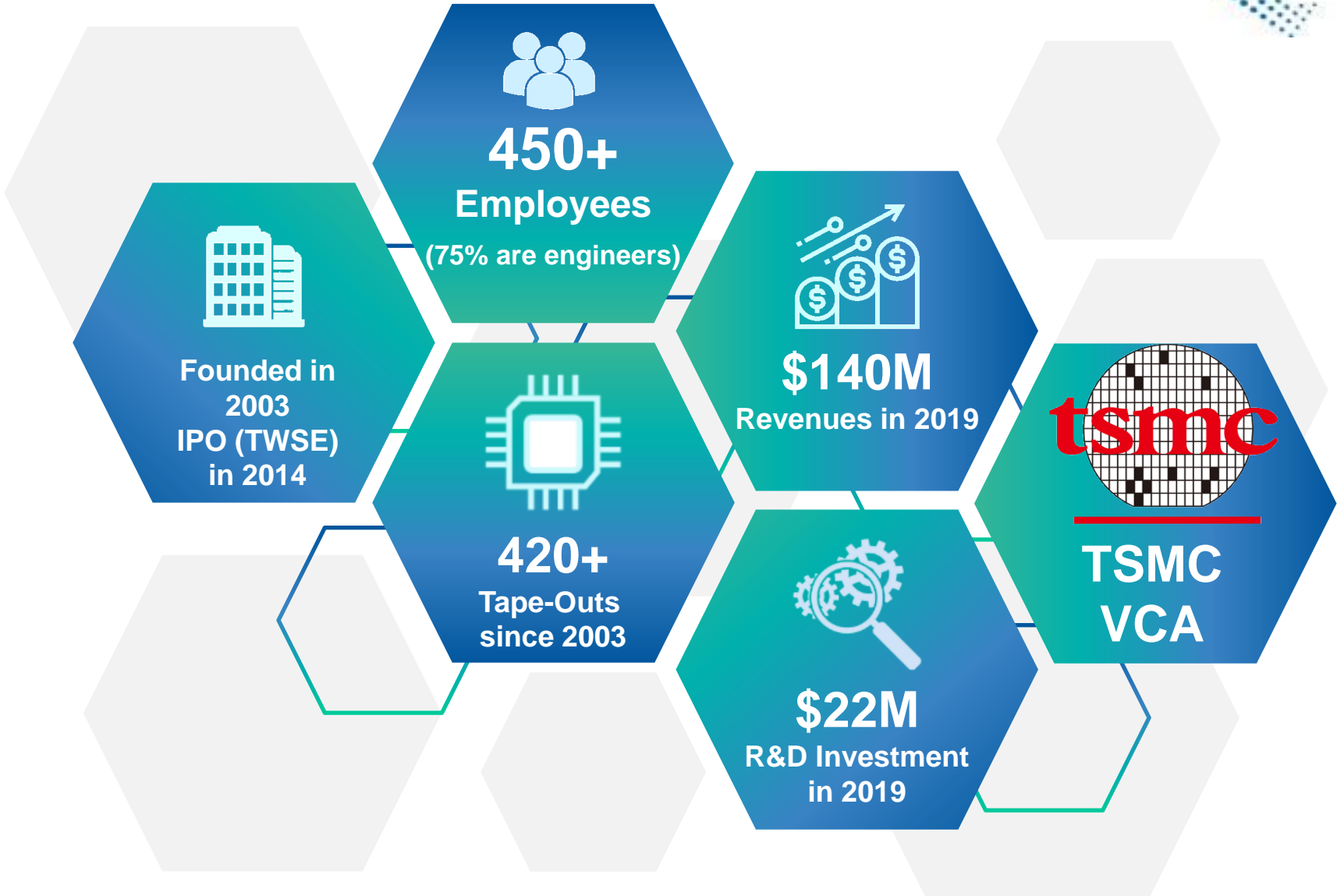





- This meeting will be in English, If you need Chinese presentation slides, please go to MOPS to download the Chinese version
- Participants please write down your questions to host through Zoom's message function with your and your company name
- Please use the “raise hand” function through Zoom for the Q&A session, the host will unmuted you for your questions
- The video and audio content of this meeting will upload to MOPS (Market Observation Post System)




Alchip at a Glance




Founded in
2003
IPO (TWSE)
in 2014


450+
Employees
(75% are engineers)


\$140M
Revenues in 2019


420+
Tape-Outs
since 2003


\$22M
R&D Investment
in 2019


TSMC
VCA

ASIC Applications



2019 Review and Recap (1)



- **Met Revenue Target with Record-Breaking Incomes**
 - Revenue: \$140M up 22% YoY
 - Net income: \$14.0M (record high!!)
 - EPS: NTD 7.2 (record high!!)
- **Capital Market Performance**
 - Share price appreciated 3X+ with very high liquidity
 - Institution investors' holding has kept increasing
 - **All quarters or even months are profitable!**
- **Good Progress in US Region**
 - Successfully penetrate ALL targeted AI users
 - Gradually diversify the dependency from China region
 - Already won few Key accounts even with 5nm opportunity

2019 Review and Recap (1)



- **Great Position in HPC/AI Field**
 - Majority revenue drivers
 - 6 designs in volume production
 - Multiple 7nm design on-going, which will gradually tape-out starting from this year
 - Many 22/16/12nm design won or underbidding

- **Crisis Management & Control**
 - Limited impact but huge beneficiary from Trade war

 - Great reaction during coronavirus situation
 - 90%+ engineers could work from home “efficiently”
 - All projects are executed well with no delay

2019 Quarterly Income Statements



US\$'000	1Q19	2Q19	3Q19	4Q19	QoQ (%)	YoY (%)	4Q18
Revenue	36,236	27,744	29,159	47,000	61	83	25,657
COGs	24,007	16,724	15,627	31,663	103	41	22,499
Gross Profit	12,229	11,020	13,531	15,337	13	386	3,158
Op. Exp	8,529	8,807	10,084	10,693	6	69	6,334
Op. Income	3,700	2,212	3,447	4,644	35	n.m	-3,176
Non. Op.	200	533	1,298	959	-26	21	794
Pre-Tax Profit	3,900	2,745	4,745	5,602	18	n.m	-2,382
Income Tax	-673	-297	-1,019	-979	-4	n.m.	8
Net income	3,227	2,448	3,726	4,623	24	n.m	-2,374
EPS (NT\$)	1.66	1.27	1.93	2.34			-1.09

EPS calculation is based on concurrent FX

Yearly Income Statement

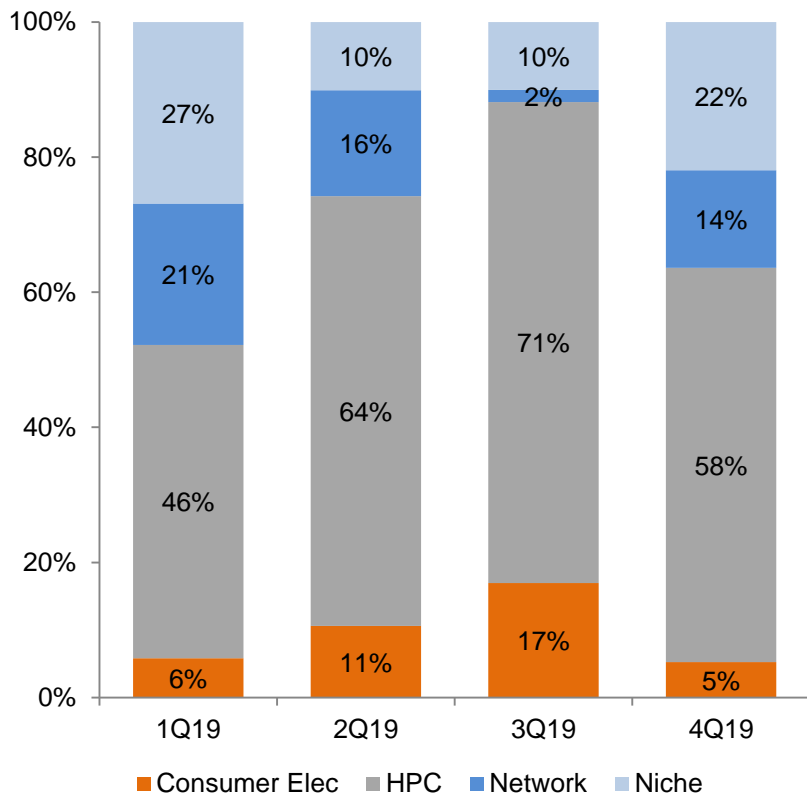


US\$('000)	2018	YoY(%)	2019	YoY(%)
Revenue	114,454	-18	140,138	22
COGs	71,619	-29	88,021	23
Gross Profit	42,835	9	52,117	22
Op. Exp	32,157	11	38,113	19
Op. Income	10,678	2	14,004	31
Non. Op.	427	-67	2,989	600
Pre-Tax Profit	11,105	-6	16,993	53
Income Tax	-2,569	56	-2,969	16
Net income	8,536	-16	14,024	64
EPS (NT\$)	4.2		7.2	

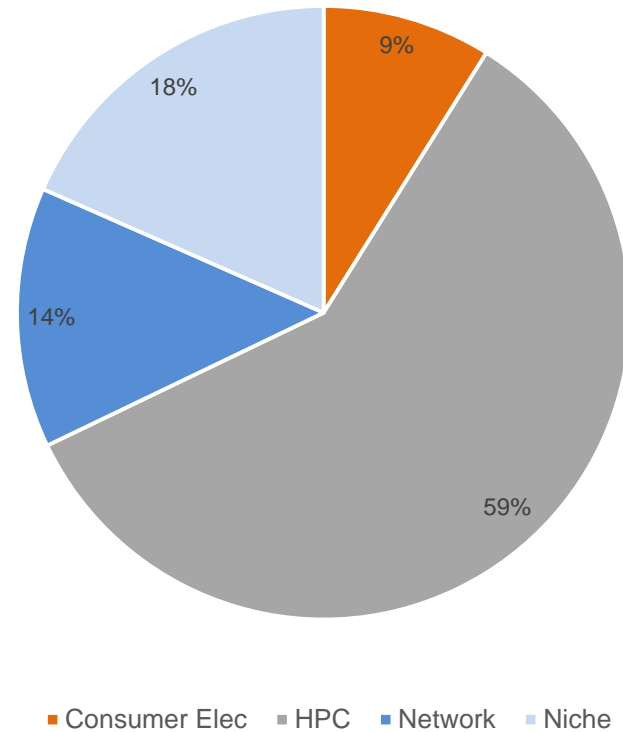
EPS calculation is based on concurrent FX

Revenue Breakdown by Application

Quarterly breakdown



2019 Yearly breakdown

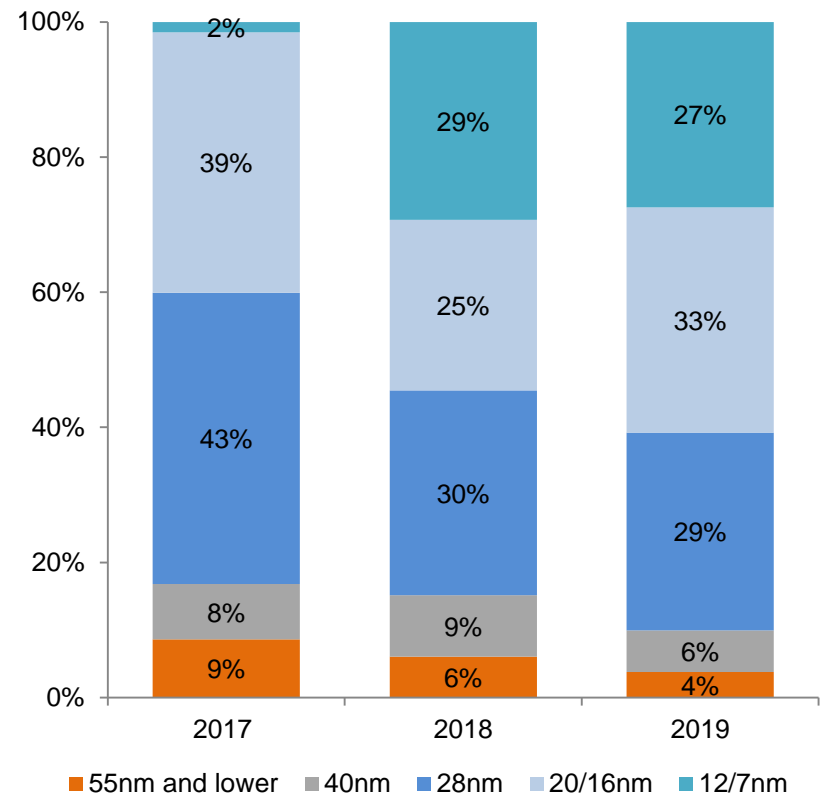
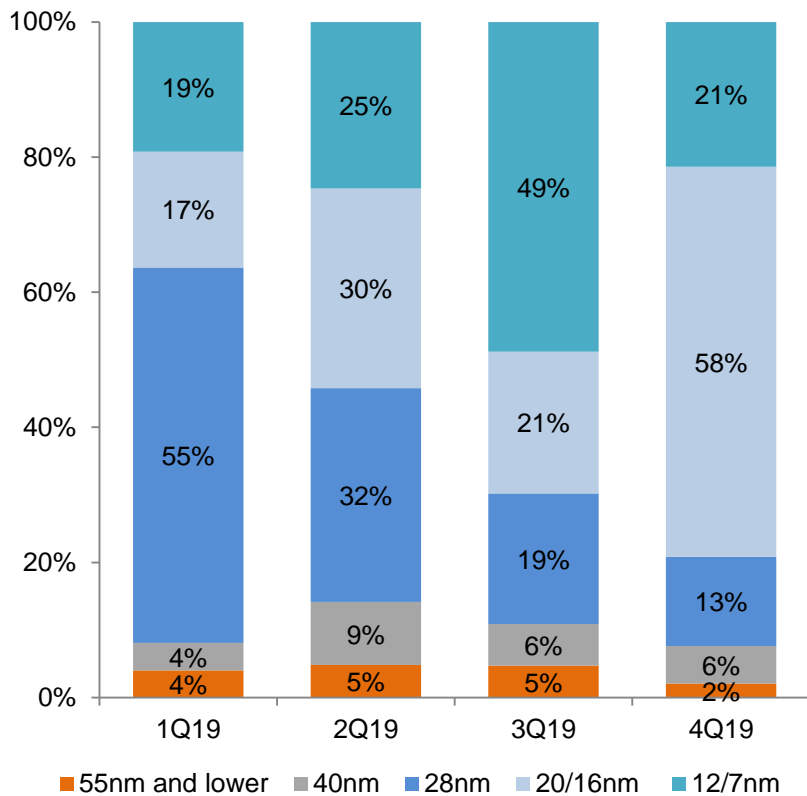


Revenue Mix by Process Node



Quarterly breakdown

2019 Yearly breakdown



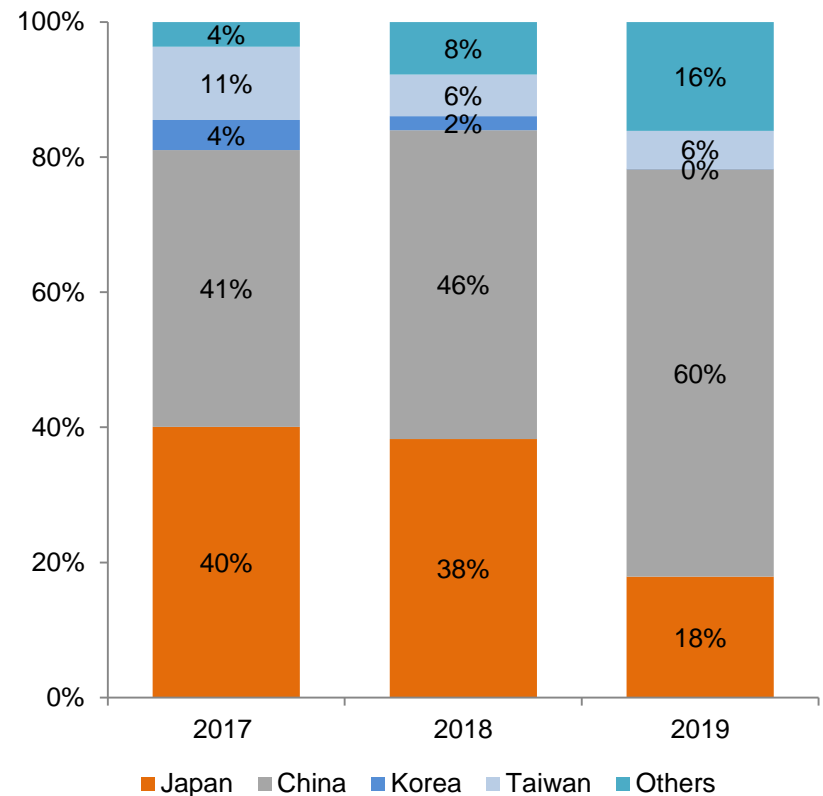
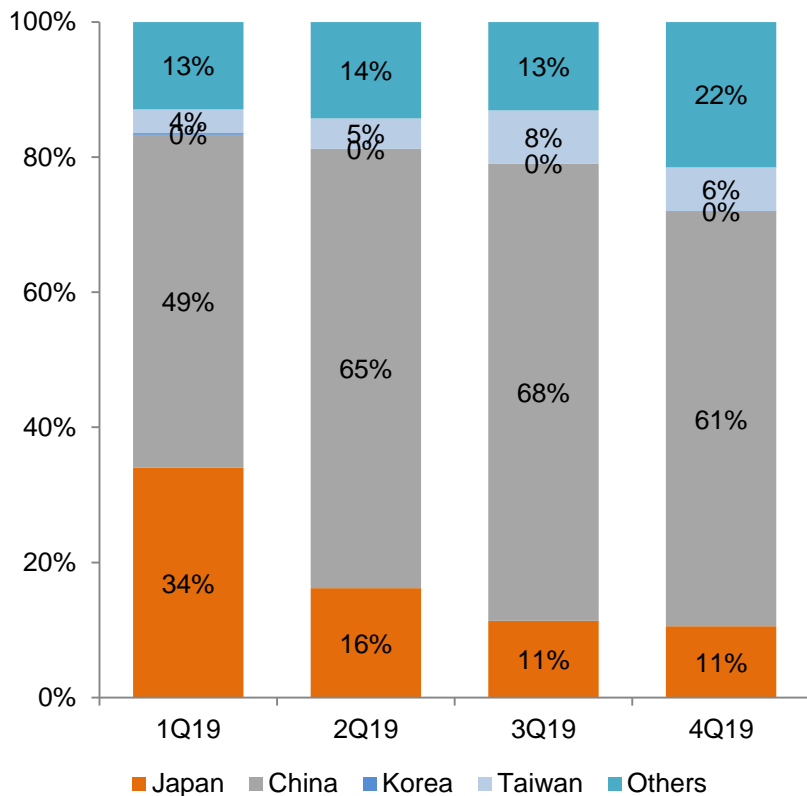
Advanced process node means 40nm or better

Revenue Breakdown by Region



Quarterly breakdown

2019 Yearly breakdown



Industry View



- **China CPU Demand remains Robust**
 - Customers' current forecast remains unchanged though the coronavirus epidemic and constantly tension changes between CN and US
 - In addition to current shipments, next generation projects are kicking in
- **AI market Demand still Strong**
 - Although not significant production shipments currently, but New design demands gets stronger for N.A, Middle East, and China region
 - Shipments of AI chips to gradually kick-in starting in 2020 and onward as projects entering in tape-out phase
 - key accounts even with 5nm opportunity

2020 Business Outlook



- **China CPU shipments is the major revenue driver**
 - Given: 1) full year shipments; 2) expanding order size, we expect China CPU shipments to drive this year's revenue growth
 - Shipments of 7nm CPU chips could be the critical factor to 2H20 revenue growth
- **7nm projects become our mainstream technology node**
 - Our mainstream technology nodes for design project already shifted to 7nm from 3Q19
 - There are multiple 7nm projects for China, Middle East, and N.A customers
 - Multiple 7nm projects to enter the tape-out phase this year



Thanks!

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